

Introduced by Senator Liu

January 5, 2011

An act to amend Sections 17553, 17554, 17557, 17557.1, 17557.2, 17558.5, and 17574 of, and to add Sections 17553.1, 17553.2, and 17558.55 to, the Government Code, relating to state mandates.

LEGISLATIVE COUNSEL'S DIGEST

SB 64, as introduced, Liu. State mandates: school district test claims: procedure.

Under the California Constitution, whenever the Legislature or a state agency mandates a new program or higher level of service on any local government, including school districts, the state is required to provide a subvention of funds to reimburse the local government, with specified exceptions. Existing law establishes a test claim procedure for local governmental agencies to file claims for reimbursement of these costs with the Commission on State Mandates.

This bill would revise these provisions to require the commission to adopt procedures for receiving test claims for school districts that eliminate specified existing requirements, including, among others, requirements to file certain documents under penalty of perjury. The bill would require the commission to create a school district test claim advisory committee, with a prescribed membership, for the purpose of reviewing school district test claims and preparing a report for the commission that includes specified information relating to the test claim. The bill would also require the advisory committee to prepare and submit the parameters and guidelines for an approved test claim to the commission for approval on behalf of a school district claimant, as specified. The bill would make a reimbursement claim filed by a school

district claimant subject to the initiation of an audit by the Controller for up to 4 years after the date that the claim is filed.

The bill would require the Controller to adopt regulations that establish professional standards and internal controls for private companies that provide mandate claim preparation or filing services for school district claimants.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 17553 of the Government Code is
2 amended to read:

3 17553. (a) The commission shall adopt procedures for
4 receiving claims filed *by a local agency* pursuant to this article
5 and Section 17574 and for providing a hearing on those claims.
6 The procedures shall do all of the following:

7 (1) Provide for presentation of evidence by the claimant, the
8 Department of Finance, and any other affected department or
9 agency, and any other interested person.

10 (2) Ensure that a statewide cost estimate is adopted within 12
11 months after receipt of a test claim, when a determination is made
12 by the commission that a mandate exists. This deadline may be
13 extended for up to six months upon the request of either the
14 claimant or the commission.

15 (3) Permit the hearing of a claim to be postponed at the request
16 of the claimant, without prejudice, until the next scheduled hearing.

17 (b) All test claims shall be filed *by a local agency* on a form
18 prescribed by the commission and shall contain at least the
19 following elements and documents:

20 (1) A written narrative that identifies the specific sections of
21 statutes or executive orders and the effective date and register
22 number of regulations alleged to contain a mandate and shall
23 include all of the following:

24 (A) A detailed description of the new activities and costs that
25 arise from the mandate.

26 (B) A detailed description of existing activities and costs that
27 are modified by the mandate.

1 (C) The actual increased costs incurred by the claimant during
2 the fiscal year for which the claim was filed to implement the
3 alleged mandate.

4 (D) The actual or estimated annual costs that will be incurred
5 by the claimant to implement the alleged mandate during the fiscal
6 year immediately following the fiscal year for which the claim
7 was filed.

8 (E) A statewide cost estimate of increased costs that all local
9 agencies ~~or school districts~~ will incur to implement the alleged
10 mandate during the fiscal year immediately following the fiscal
11 year for which the claim was filed.

12 (F) Identification of all of the following:

13 (i) Dedicated state funds appropriated for this program.

14 (ii) Dedicated federal funds appropriated for this program.

15 (iii) Other nonlocal agency funds dedicated for this program.

16 (iv) The local agency's general purpose funds for this program.

17 (v) Fee authority to offset the costs of this program.

18 (G) Identification of prior mandate determinations made by the
19 Commission on State Mandates or a predecessor agency that may
20 be related to the alleged mandate.

21 (H) Identification of a legislatively determined mandate pursuant
22 to Section 17573 that is on the same statute or executive order.

23 (2) The written narrative shall be supported with declarations
24 under penalty of perjury, based on the declarant's personal
25 knowledge, information, or belief, and signed by persons who are
26 authorized and competent to do so, as follows:

27 (A) Declarations of actual or estimated increased costs that will
28 be incurred by the claimant to implement the alleged mandate.

29 (B) Declarations identifying all local, state, or federal funds, or
30 fee authority that may be used to offset the increased costs that
31 will be incurred by the claimant to implement the alleged mandate,
32 including direct and indirect costs.

33 (C) Declarations describing new activities performed to
34 implement specified provisions of the new statute or executive
35 order alleged to impose a reimbursable state-mandated program.
36 Specific references shall be made to chapters, articles, sections,
37 or page numbers alleged to impose a reimbursable state-mandated
38 program.

39 (D) If applicable, declarations describing the period of
40 reimbursement and payments received for full reimbursement of

costs for a legislatively determined mandate pursuant to Section 17573, and the authority to file a test claim pursuant to paragraph (1) of subdivision (c) of Section 17574.

(3) (A) The written narrative shall be supported with copies of all of the following:

(i) The test claim statute that includes the bill number or executive order, alleged to impose or impact a mandate.

(ii) Relevant portions of state constitutional provisions, federal statutes, and executive orders that may impact the alleged mandate.

(iii) Administrative decisions and court decisions cited in the narrative.

(B) State mandate determinations made by the Commission on State Mandates or a predecessor agency and published court decisions on state mandate determinations made by the Commission on State Mandates are exempt from this requirement.

(4) A test claim shall be signed at the end of the document, under penalty of perjury by the claimant or its authorized representative, with the declaration that the test claim is true and complete to the best of the declarant's personal knowledge, information, or belief. The date of signing, the declarant's title, address, telephone number, facsimile machine telephone number, and electronic mail address shall be included.

(c) If a completed test claim is not received by the commission within 30 calendar days from the date that an incomplete test claim was returned by the commission, the original test claim filing date may be disallowed, and a new test claim may be accepted on the same statute or executive order.

(d) In addition, the commission shall determine whether an incorrect reduction claim is complete within 10 days after the date that the incorrect reduction claim is filed. If the commission determines that an incorrect reduction claim is not complete, the commission shall notify the local agency ~~and school district~~ that filed the claim stating the reasons that the claim is not complete. The local agency ~~or school district~~ shall have 30 days to complete the claim. The commission shall serve a copy of the complete incorrect reduction claim on the Controller. The Controller shall have no more than 90 days after the date the claim is delivered or mailed to file any rebuttal to an incorrect reduction claim. The failure of the Controller to file a rebuttal to an incorrect reduction

1 claim shall not serve to delay the consideration of the claim by the
2 commission.

3 SEC. 2. Section 17553.1 is added to the Government Code, to
4 read:

5 17553.1. (a) The commission shall adopt procedures for
6 receiving claims filed by a school district pursuant to this article
7 and Section 17574 and for providing a hearing on those claims.
8 The procedures shall do all of the following:

9 (1) Provide for presentation of evidence by the claimant, the
10 Department of Finance, and any other affected department or
11 agency, and any other interested person.

12 (2) Ensure that a statewide cost estimate is adopted within 12
13 months after receipt of a test claim, when a determination is made
14 by the commission that a mandate exists. This deadline may be
15 extended for up to six months upon the request of either the
16 claimant or the commission.

17 (3) Permit the hearing of a claim to be postponed at the request
18 of the claimant, without prejudice, until the next scheduled hearing.

19 (b) All test claims shall be filed by the school district on a form
20 prescribed by the commission and shall contain a written narrative
21 that identifies the specific sections of statutes or executive orders
22 and the effective date and register number of regulations alleged
23 to contain a mandate and shall include all of the following:

24 (1) A description of the new activities and costs that arise from
25 the mandate.

26 (2) A description of existing activities and costs that are
27 modified by the mandate.

28 (c) (1) The procedures for a test claim filed by a school district
29 shall not require the test claim to include any of the elements or
30 documents required pursuant to paragraphs (2) to (4), inclusive,
31 of subdivision (b) of Section 17553.

32 (2) Except as required by this section and Section 17553.2, the
33 procedures adopted by the commission for a test claim filed by a
34 school district need not vary from the procedures adopted by the
35 commission for a test claim filed by a local agency pursuant to
36 Section 17553.

37 (d) If a completed test claim is not received by the commission
38 within 30 calendar days from the date that an incomplete test claim
39 was returned by the commission, the original test claim filing date

1 may be disallowed, and a new test claim may be accepted on the
2 same statute or executive order.

3 (e) In addition, the commission shall determine whether an
4 incorrect reduction claim is complete within 10 days after the date
5 that the incorrect reduction claim is filed. If the commission
6 determines that an incorrect reduction claim is not complete, the
7 commission shall notify the school district that filed the claim
8 stating the reasons that the claim is not complete. The school
9 district shall have 30 days to complete the claim. The commission
10 shall serve a copy of the complete incorrect reduction claim on
11 the Controller. The Controller shall have no more than 90 days
12 after the date the claim is delivered or mailed to file any rebuttal
13 to an incorrect reduction claim. The failure of the Controller to
14 file a rebuttal to an incorrect reduction claim shall not serve to
15 delay the consideration of the claim by the commission.

16 SEC. 3. Section 17553.2 is added to the Government Code, to
17 read:

18 17553.2. (a) The commission shall establish a school district
19 test claim advisory committee. The membership of the advisory
20 committee shall be selected by, and serve at the pleasure of, the
21 commission, and include officials from the Department of Finance,
22 the State Department of Education, and the Controller's office,
23 and representatives of school agencies, including, but not limited
24 to, chief business officials, board members, and superintendents.
25 Commission staff shall provide technical expertise and other
26 support for the advisory committee.

27 (b) The advisory committee shall review, prior to a hearing by
28 the commission, any test claim filed by a school district. As part
29 of the review, the advisory committee shall prepare and deliver to
30 the commission a report and recommendation for the school district
31 test claim that includes the following:

32 (1) A written narrative that identifies the specific sections of
33 statutes or executive orders and the effective date and register
34 number of regulations alleged to contain a mandate.

35 (2) A detailed description of the new activities and costs that
36 arise from the mandate.

37 (3) A detailed description of existing activities and costs that
38 are modified by the mandate.

39 (4) A statewide cost estimate of increased costs that school
40 districts will incur to implement the alleged mandate during the

1 fiscal year immediately following the fiscal year for which the
2 claim was filed.

3 (5) Identification of all of the following:

- 4 (A) Dedicated state funds appropriated for this program.
- 5 (B) Dedicated federal funds appropriated for this program.
- 6 (C) Other nonlocal agency funds dedicated for this program.
- 7 (D) The school district's general purpose funds for this program.
- 8 (E) Fee authority to offset the costs of this program.

9 (6) Identification of prior mandate determinations made by the
10 Commission on State Mandates or a predecessor agency that may
11 be related to the alleged mandate.

12 (7) Identification of a legislatively determined mandate pursuant
13 to Section 17573 that is on the same statute or executive order.

14 SEC. 4. Section 17554 of the Government Code is amended
15 to read:

16 17554. With the agreement of all parties to the claim, the
17 commission may waive the application of any procedural
18 requirement imposed by this chapter or pursuant to ~~Section 17553~~
19 *Sections 17553, 17553.1, and 17553.2*. The authority granted by
20 this section includes the consolidation of claims and the shortening
21 of time periods.

22 SEC. 5. Section 17557 of the Government Code is amended
23 to read:

24 17557. (a) If the commission determines there are costs
25 mandated by the state pursuant to Section 17551, it shall determine
26 the amount to be subvended to local agencies and school districts
27 for reimbursement. In so doing it shall adopt parameters and
28 guidelines for reimbursement of any claims relating to the statute
29 or executive order. ~~The~~ *For purposes of a test claim filed by a*
30 *local agency, the successful test claimants shall submit proposed*
31 *parameters and guidelines within 30 days of adoption of a statement*
32 *of decision on a local agency test claim. For purposes of a test*
33 *claim filed by a school district, the advisory committee established*
34 *pursuant to Section 17553.2 shall develop proposed parameters*
35 *and guidelines on behalf of a school district claimant and shall*
36 *submit the proposed parameters and guidelines within 30 days of*
37 *adoption of a statement of decision on a school district test claim,*
38 *for final adoption by the commission within the timeframe*
39 *established by paragraph (2) of subdivision (a) of Section 17553.1.*
40 The proposed parameters and guidelines may include proposed

1 reimbursable activities that are reasonably necessary for the
2 performance of the state-mandated program. At the request of a
3 successful *local agency test claimant or the school district test*
4 *claim advisory committee*, the commission may provide for one
5 or more extensions of this 30-day period at any time prior to its
6 adoption of the parameters and guidelines. ~~¶~~ *For purposes of a*
7 *local agency test claim*, if proposed parameters and guidelines are
8 not submitted within the 30-day period and the commission has
9 not granted an extension, then the commission shall notify the test
10 claimant that the amount of reimbursement the test claimant is
11 entitled to for the first 12 months of incurred costs will be reduced
12 by 20 percent, unless the test claimant can demonstrate to the
13 commission why an extension of the 30-day period is justified.

14 (b) In adopting parameters and guidelines, the commission may
15 adopt a reasonable reimbursement methodology. *For purposes of*
16 *a school district test claim*, it shall be the policy of the state for
17 the commission to adopt parameters and guidelines reflecting the
18 following preferences in serial order:

19 (1) *A unit rate reasonable reimbursement methodology.*

20 (2) *A standard rate reasonable reimbursement methodology as*
21 *appropriate to a particular mandate.*

22 (3) *Actual cost parameters and guidelines.*

23 (c) The parameters and guidelines adopted by the commission
24 shall specify the fiscal years for which local agencies and school
25 districts shall be reimbursed for costs incurred. However, the
26 commission may not specify in the parameters and guidelines any
27 fiscal year for which payment could be provided in the annual
28 Budget Act.

29 (d) (1) A local agency, school district, *the advisory committee*
30 *established by Section 17553.2*, or the state may file a written
31 request with the commission to amend the parameters or guidelines.
32 The commission may, after public notice and hearing, amend the
33 parameters and guidelines. A parameters and guidelines amendment
34 submitted within 90 days of the claiming deadline for initial claims,
35 as specified in the claiming instructions pursuant to Section 17561,
36 shall apply to all years eligible for reimbursement as defined in
37 the original parameters and guidelines. A parameters and guidelines
38 amendment filed more than 90 days after the claiming deadline
39 for initial claims, as specified in the claiming instructions pursuant
40 to Section 17561, and on or before the claiming deadline following

1 a fiscal year, shall establish reimbursement eligibility for that fiscal
2 year.

3 (2) For purposes of this subdivision, the request to amend
4 parameters and guidelines may be filed to make any of the
5 following changes to parameters and guidelines, consistent with
6 the statement of decision:

7 (A) Delete any reimbursable activity that has been repealed by
8 statute or executive order after the adoption of the original or last
9 amended parameters and guidelines.

10 (B) Update offsetting revenues and offsetting savings that apply
11 to the mandated program and do not require a new legal finding
12 that there are no costs mandated by the state pursuant to subdivision
13 (e) of Section 17556.

14 (C) Include *or amend* a reasonable reimbursement methodology
15 for all or some of the reimbursable activities.

16 (D) Clarify what constitutes reimbursable activities.

17 (E) Add new reimbursable activities that are reasonably
18 necessary for the performance of the state-mandated program.

19 (F) Define what activities are not reimbursable.

20 (G) Consolidate the parameters and guidelines for two or more
21 programs.

22 (H) Amend the boilerplate language. For purposes of this
23 section, “boilerplate language” means the language in the
24 parameters and guidelines that is not unique to the state-mandated
25 program that is the subject of the parameters and guidelines.

26 (e) A test claim shall be submitted on or before June 30
27 following a fiscal year in order to establish eligibility for
28 reimbursement for that fiscal year. The claimant may thereafter
29 amend the test claim at any time, but before the test claim is set
30 for a hearing, without affecting the original filing date as long as
31 the amendment substantially relates to the original test claim.

32 (f) In adopting parameters and guidelines, the commission shall
33 consult with the Department of Finance, the affected state agency,
34 the Controller, the fiscal and policy committees of the Assembly
35 and Senate, the Legislative Analyst, and the claimants to consider
36 a reasonable reimbursement methodology that balances accuracy
37 with simplicity.

38 (g) *The advisory committee established pursuant to Section*
39 *17553.2 shall review the parameters and guidelines for a school*
40 *district test claim at least once every three years. If the advisory*

1 *committee determines that the parameters and guidelines require*
2 *revision, the advisory committee shall propose revisions to be*
3 *considered by the commission by filing a written request in the*
4 *manner prescribed by this section.*

5 SEC. 6. Section 17557.1 of the Government Code is amended
6 to read:

7 17557.1. (a) Notwithstanding any other provision of this part,
8 within 30 days of the commission's adoption of a statement of
9 decision on a test claim, ~~the test claimant and the Department of~~
10 *Finance and either the local agency test claimant or the school*
11 *district test claim advisory committee, respectively,* may notify the
12 executive director of the commission in writing of their intent to
13 follow the process described in this section to develop a reasonable
14 reimbursement methodology and statewide estimate of costs for
15 the initial claiming period and budget year for reimbursement of
16 costs mandated by the state in accordance with the statement of
17 decision. The letter of intent shall include the date on which ~~the~~
18 ~~test claimant and the Department of Finance~~ *and the local agency*
19 *test claimant or the school district test claim advisory committee*
20 will submit a plan to ensure that costs from a representative sample
21 of eligible local agency or school district claimants are considered
22 in the development of a reasonable reimbursement methodology.

23 (b) This plan shall also include all of the following information:

24 (1) The date on which ~~the test claimant and~~ Department of
25 *Finance and the local agency test claimant or the school district*
26 *test claim advisory committee* will provide to the executive director
27 an informational update regarding their progress in developing the
28 reasonable reimbursement methodology.

29 (2) The date on which ~~the test claimant and~~ Department of
30 *Finance and the local agency test claimant or the school district*
31 *test claim advisory committee* will submit to the executive director
32 the draft reasonable reimbursement methodology and proposed
33 statewide estimate of costs for the initial claiming period and
34 budget year. This date shall be no later than 180 days after the date
35 the letter of intent is sent by the test claimant and Department of
36 Finance to the executive director.

37 (c) At the request of ~~the test claimant and~~ Department of Finance
38 *and the local agency test claimant or the school district test claim*
39 *advisory committee,* the executive director may provide for up to
40 four extensions of this 180-day period.

(d) ~~The test claimant or~~ Department of Finance, *the local agency test claimant, or the school district test claim advisory committee* may notify the executive director at any time that the claimant, *advisory committee,* or Department of Finance no longer intends to develop a reasonable reimbursement methodology pursuant to this section. In this case, paragraph (2) of subdivision (a) of Section 17553 and Section 17557 shall apply to ~~the~~ *a local agency test claim, and paragraph (2) of subdivision (a) of Section 17553.1 and Section 17557 shall apply for a school district test claim.* Upon receipt of this notification, the executive director shall notify the *local agency test claimant or the school district test claim advisory committee, as appropriate,* of the duty to submit proposed parameters and guidelines within 30 days under subdivision (a) of Section 17557.

SEC. 7. Section 17557.2 of the Government Code is amended to read:

17557.2. (a) A reasonable reimbursement methodology developed pursuant to Section 17557.1 or a joint request for early termination of a reasonable reimbursement methodology shall have broad support from a wide range of local agencies or school districts. ~~The test claimant and~~ Department of Finance *and the local agency test claimant or the school district test claim advisory committee* may demonstrate broad support from a wide range of local agencies or school districts in different ways, including, but not limited to, obtaining endorsement by one or more statewide associations of local agencies or school districts and securing letters of approval from local agencies or school districts.

(b) No later than 60 days before a commission hearing, ~~the test claimant and Department~~ *the Department of Finance and the local agency test claimant or the school district test claim advisory committee* shall submit to the commission a joint proposal that shall include all of the following:

- (1) The draft reasonable reimbursement methodology.
- (2) The proposed statewide estimate of costs for the initial claiming period and budget year.
- (3) A description of the steps ~~the test claimant and the~~ Department of Finance *and the local agency test claimant or the school district test claim advisory committee* undertook to determine the level of support by local agencies or school districts for the draft reasonable reimbursement methodology.

(4) An agreement that the reasonable reimbursement methodology developed and approved under this section shall be in effect for a period of five years unless a different term is approved by the commission, or upon submission to the commission of a letter indicating the Department of Finance and *the local agency test claimant's or school district test claim advisory committee's* joint interest in early termination of the reasonable reimbursement methodology.

(5) An agreement that, at the conclusion of the period established in paragraph (4), the Department of Finance ~~and the test claimant and the local agency test claimant or the school district test claim advisory committee~~ will consider jointly whether amendments to the methodology are necessary.

(c) The commission shall approve the draft reasonable reimbursement methodology if review of the information submitted pursuant to Section 17557.1 and subdivision (b) of this section demonstrates that the draft reasonable reimbursement methodology and statewide estimate of costs for the initial claiming period and budget year have been developed in accordance with Section 17557.1 and meet the requirements of subdivision (a). The commission thereafter shall adopt the proposed statewide estimate of costs for the initial claiming period and budget year. Statewide cost estimates adopted under this section shall be included in the report to the Legislature required under Section 17600 and shall be reported by the commission to the appropriate Senate and Assembly policy and fiscal committees, the Legislative Analyst, and the Department of Finance not later than 30 days after adoption.

(d) Unless amendments are proposed pursuant to this subdivision, the reasonable reimbursement methodology approved by the commission pursuant to this section shall expire after either five years, any other term approved by the commission, or upon submission to the commission of a letter indicating the Department of Finance's and *the local agency test claimant's or school district test claim advisory committee's* joint interest in early termination of the reasonable reimbursement methodology.

(e) The commission shall approve a joint request for early termination of a reasonable reimbursement methodology if the request meets the requirements of subdivision (a). If the commission approves a joint request for early termination, the

commission shall notify the *local agency* test claimant *or school district test claim advisory committee* of the duty to submit proposed parameters and guidelines to the commission pursuant to subdivision (a) of Section 17557.

(f) At least one year before the expiration of a reasonable reimbursement methodology, the commission shall notify the Department of Finance and the test claimant *or school district test claim advisory committee* that they may do one of the following:

(1) Jointly propose amendments to the reasonable reimbursement methodology by submitting the information described in paragraphs (1), (3), and (4) of subdivision (b), and providing an estimate of the mandate's annual cost for the subsequent budget year.

(2) Jointly propose that the reasonable reimbursement methodology remain in effect.

(3) Allow the reasonable reimbursement methodology to expire and notify the commission that the *local agency* test claimant *or school district test claim advisory committee* will submit proposed parameters and guidelines to the commission pursuant to subdivision (a) of Section 17557 to replace the reasonable reimbursement methodology.

(g) The commission shall either approve the continuation of the reasonable reimbursement methodology or approve the jointly proposed amendments to the reasonable reimbursement methodology if the information submitted in accordance with paragraph (1) of subdivision ~~(d)~~ (f) demonstrates that the proposed amendments were developed in accordance with Section 17557.1 and meet the requirements of subdivision (a) of this section.

SEC. 8. Section 17558.5 of the Government Code is amended to read:

17558.5. (a) A reimbursement claim for actual costs filed by a local agency ~~or school district~~ pursuant to this chapter is subject to the initiation of an audit by the Controller no later than three years after the date that the actual reimbursement claim is filed or last amended, whichever is later. However, if no funds are appropriated or no payment is made to a *local agency* claimant for the program for the fiscal year for which the claim is filed, the time for the Controller to initiate an audit shall commence to run from the date of initial payment of the claim. *A reimbursement claim filed by a school district pursuant to this chapter is subject to the initiation of an audit by the Controller no later than four*

1 *years after the date that the actual reimbursement claim is filed*
2 *or last amended, whichever is later.* In any case, an audit shall be
3 completed not later than two years after the date that the audit is
4 commenced.

5 (b) The Controller may conduct a field review of any claim after
6 the claim has been submitted, prior to the reimbursement of the
7 claim.

8 (c) The Controller shall notify the claimant in writing within
9 30 days after issuance of a remittance advice of any adjustment to
10 a claim for reimbursement that results from an audit or review.
11 The notification shall specify the claim components adjusted, the
12 amounts adjusted, interest charges on claims adjusted to reduce
13 the overall reimbursement to the local agency or school district,
14 and the reason for the adjustment. Remittance advices and other
15 notices of payment action shall not constitute notice of adjustment
16 from an audit or review.

17 (d) The interest rate charged by the Controller on reduced claims
18 shall be set at the Pooled Money Investment Account rate and shall
19 be imposed on the dollar amount of the overpaid claim from the
20 time the claim was paid until overpayment is satisfied.

21 (e) Nothing in this section shall be construed to limit the
22 adjustment of payments when inaccuracies are determined to be
23 the result of the intent to defraud, or when a delay in the completion
24 of an audit is the result of willful acts by the claimant or inability
25 to reach agreement on terms of final settlement.

26 SEC. 9. Section 17558.55 is added to the Government Code,
27 to read:

28 17558.55. The Controller shall adopt regulations that establish
29 professional standards and internal controls for private companies
30 that provide mandate claim preparation or filing services for school
31 district test claims. Any private company that provides mandate
32 claim preparation or filing services for a school district shall
33 comply with regulations adopted by the Controller and shall
34 contract every three years to have an independent auditor verify
35 that the company has implemented, and remains in ongoing
36 compliance with, these regulations.

37 SEC. 10. Section 17574 of the Government Code is amended
38 to read:

39 17574. (a) A local agency or school district agrees to the
40 following terms and conditions when it accepts reimbursement for

1 a legislatively determined mandate pursuant to ~~Section 17573~~
2 *Section 17573*:

3 (1) Any unpaid reimbursement claims the local agency or school
4 district has previously filed with the Controller pursuant to Section
5 17561 and derived from parameters and guidelines or reasonable
6 reimbursement methodology shall be deemed withdrawn if they
7 are on the same statute or executive order of a legislatively
8 determined mandate and for the same period of reimbursement.

9 (2) The payment of the amount agreed upon pursuant to Section
10 17573 constitutes full reimbursement of its costs for that mandate
11 for the applicable period of reimbursement.

12 (3) The methodology upon which the payment is calculated is
13 an appropriate reimbursement methodology for the term specified
14 in subdivision (e) of Section 17573.

15 (4) A test claim filed with the commission by a local agency or
16 school district on the same statute or executive order as a
17 legislatively determined mandate shall be withdrawn.

18 (5) A test claim on the same statute or executive order as a
19 legislatively determined mandate will not be filed with the
20 commission except as provided in subdivision (c).

21 (b) If a local agency or school district rejects reimbursement
22 for a legislatively determined mandate pursuant to Section 17573,
23 a local agency or school district may take over a withdrawn test
24 claim within six months after the date the test claim is withdrawn,
25 by substitution of parties and compliance with the filing
26 requirements in subdivision (b) of Section 17553 *or subdivision*
27 *(b) of Section 17553.1*, as specified in the commission's notice of
28 withdrawal.

29 (c) (1) Notwithstanding Section 17551 and subdivision (b) of
30 Section 17573, a local agency or school district may file a test
31 claim on the same statute or executive order as a legislatively
32 determined mandate if one of the following applies:

33 (A) The Legislature amends the reimbursement methodology
34 and the local agency or school district rejects reimbursement.

35 (B) The term of the legislatively determined mandate, as defined
36 in subdivision (e) of Section 17573, has expired.

37 (C) The term of the legislatively determined mandate, as defined
38 in subdivision (e) of Section 17573, is amended and the local
39 agency or school district rejects reimbursement under the new
40 term.

1 (D) The mandate is subject to subdivision (b) of Section 6 of
2 Article XIII B and the Legislature does both of the following:

3 (i) Fails to appropriate in the Budget Act funds to reimburse
4 local agencies for the full payable amount that has not been
5 previously paid based on the reimbursement methodology enacted
6 by the Legislature.

7 (ii) Does not repeal or suspend the mandate pursuant to Section
8 17581.

9 (2) A test claim filed pursuant to the authority granted by this
10 subdivision shall be filed within six months of the date an action
11 described in subparagraph (A), (B), (C), or (D) of paragraph (1)
12 occurs.

13 (d) Notwithstanding any other provision of this section, a local
14 agency or school district shall not file a test claim pursuant to this
15 section if the statute of limitations specified in subdivision (c) of
16 Section 17551 expired before the date a legislatively determined
17 mandate was adopted by the Legislature pursuant to Section 17573.

18 (e) Notwithstanding the period of reimbursement specified in
19 subdivision (e) of Section 17557, a test claim filed pursuant to this
20 section shall establish eligibility for reimbursement beginning with
21 the fiscal year of an action described in subparagraph (A), (B),
22 (C), or (D) of paragraph (1) of subdivision (c).